

SIGIR INVESTIGATIONS

SIGIR Investigations pursues reports of potential criminal or civil violations and works with a wide range of investigative agencies to bring cases before the criminal justice system.

SIGIR has 57 ongoing investigations, 28 of which are currently under the prosecutorial control of the Department of Justice (DoJ). As of July 30, 2007, SIGIR investigations have produced the following results: 5 people have been convicted and sentenced, 13 have been arrested, and 5 are pending trial in February 2008 on a 25-count indictment. SIGIR's joint agency cases have generated more than 30 search warrants. To date, SIGIR has opened more than 300 cases.

Currently, SIGIR has 5 agents in Baghdad and 14 in Arlington, Virginia. Investigative resources and assets from Iraq have been weighted to concentrate on substantial existing and spin-off investigations in the United States. As more complex and extensive investigations have been identified, some of the targets and subjects have left Iraq and returned to the United States. Additionally, some partner agencies have increased their complement of personnel in Iraq or Kuwait, and SIGIR now works on many substantive investigations in joint task forces.

Legal Actions this Quarter

During the past quarter, two individuals were sentenced for their roles in the Bloom-Stein conspiracy, an egregious kickback and bribery scheme, involving more than \$10 million in reconstruction funds. Lt. Col. Bruce Hopfen-

gardner was sentenced to 21 months; Steven Merkes was sentenced to one year and one day.

In April 2005, Merkes took official acts to benefit Philip Bloom, a U.S. citizen who operated and controlled construction and service companies in Romania and Iraq that did business with the U.S. government. Shortly thereafter, Merkes accepted a job offer and \$24,000 from Bloom, knowing that the job and the money were for official acts he had agreed to perform for Bloom.

In addition, Maj. John Cockerham and his wife, Melissa were arrested in San Antonio, Texas, on July 23, 2007. They were charged in a Criminal Complaint that alleges bribery, conspiracy to commit bribery, and money laundering during Major Cockerham's tenure as an Army contracting officer. Records obtained in the case indicate that Cockerham may have received up to \$9.6 million in bribe payments from at least eight contractors in Iraq and Kuwait and anticipated receiving as much as \$5.4 million more.⁵³²

On July 24, 2007, Carolyn Blake was arrested in Sunnyvale, Texas, on the same criminal complaint as her brother, Maj. Cockerham. SIGIR is one of the partner agencies conducting the investigation with the U.S. Army's Criminal Investigative Division (CID) Major Procurement Fraud Unit, Defense Criminal Investigative Service (DCIS), IRS, and Federal Bureau of Investigation (FBI).

SIGIR also refers cases to the U.S. government's administrative debarment and suspension processes. To date, the competent over-

sight authorities have suspended 20 companies and individuals, debarred 14, and are considering debarring another 7, using established rules that preserve due process. For details on suspensions and debarments, see Appendix K.

Investigative Task Forces

SIGIR has developed task-force relationships with other agencies involved in oversight in Iraq, including the DoD Office of Inspector General (DoD OIG), DoS OIG, Defense Criminal Investigation Command (DCIS), U.S. Agency for International Development OIG (USAID OIG), and Immigration and Customs Enforcement.

More than two years ago, SIGIR formed the Special Investigative Task Force for Iraq Reconstruction (SPITFIRE), which combined the efforts of the Internal Revenue Service, Department of Homeland Security, Immigration and Customs Enforcement office, FBI, and DoS OIG. SPITFIRE effectively pursued the Bloom-Stein conspiracy and continues to work a number of leads that arose from that case.

The International Contract Corruption Task Force/Joint Operation Center recently relocated from SIGIR Headquarters in Arlington to offices next to FBI headquarters in Washington, D.C. Efforts to expand those coordination services continue. Along with SIGIR, the ICCTF includes the CID Major Procurement Fraud Unit, DCIS, FBI, DoS OIG, and USAID OIG.

SIGIR is part of the National Fraud Procurement Task Force, a DoJ initiative with many contributing agencies. The initiative has brought coordinated efforts and significant

DoJ resources to address waste, fraud, and corruption. During the next two quarters, these efforts are expected to provide significant results in search warrants, indictments, arrests, and convictions.

SIGIR is an active participant in related fraud procurement matters involving U.S. citizens or companies using appropriated U.S. dollars in Iraq. SIGIR investigators work closely with three DoJ divisions as a part of this work:

- Anti-Trust Division
- Civil Division, Commercial Litigation
- Criminal Division: Fraud, Public Integrity, and Money Laundering

In collaboration with DoJ's Commercial Litigation section, SIGIR is assisting on eight qui tam cases (whistle-blower allegations that could potentially lead to False Claims Act prosecutions on behalf of the government) and several civil cases.

The LOGCAP Taskforce in Rock Island, Illinois, also continues to prosecute cases of fraud and other criminal conduct related to Iraq reconstruction. Members include the U.S. Attorney's Office, Central District of Illinois; FBI; IRS; DCIS; and U.S. Army CID. Although not a member of this group, SIGIR includes the taskforce's cases to illustrate the overall picture of fraud in Iraq.

To coordinate efforts in oversight in Iraq, SIGIR formed the Iraq Inspectors General Council (IIGC) three years ago, which brings together every agency with oversight authority in Iraq for quarterly meetings. The objective of the IIGC is to deconflict and coordinate the member agencies' oversight efforts in Iraq.